



# THE LENDER'S ADVANTAGE

*A Joint Publication of the Des Moines District Office and the Cedar Rapids Branch Office*

MAY 2010

## **INFORMATION**

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### **Standard 7(a) Loan Guaranty Processing Center**

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or  
(916) 735-1680

**OR**

262 Black Gold Blvd.  
Hazard, KY 41701  
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ext. 229  
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### **Fresno Servicing Center**

Fresno, CA  
(559) 487-5650  
(559) 487-5803 Fax

### **Liquidation & Purchase Center**

Herndon, VA  
(703) 487-9283  
(202) 481-4674 Fax

### **504 & PLP Processing Center**

6501 Sylvan Road  
Citrus Heights, CA 95610  
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*All SBA programs and  
services are provided on  
a nondiscriminatory basis.*

## Year to Date SBA Loan Volume Surpasses FY '08 Totals

Dear Lender –

On behalf of the small businesses you serve thank you. In May, SBA lending in Iowa surpassed the total dollar volume for all of FY 2008. The 719 loans for \$203 million as of May 31 is also better than all of FY 2007 and we expect to surpass FY '09 soon.

We greatly appreciate your willingness to use the full array of our lending tools. Your usage of the dealer floor plan pilot initiative places Iowa near the top of the states in the use of this program with a total of 12 loans since the program was launched last year, putting in excess of \$10 million in available lines of credit for inventory in the hands of dealers. Your providing 343 America's Recovery Capital loans since the program was launched a year ago enabled those 343 businesses to have an additional \$11 million in working capital for their business through the coverage of the payments on their other business loans.

We are proud of the volume in lending in the 504 program. The 71 504 loans made to date represents a significant increase from the 47 loans a year ago with more than double the dollar investment. This increase in credit and investment in fixed assets of land, buildings and equipment are positive signs for our economic recovery.

We are closing in on the 2<sup>nd</sup> anniversary of the 2008 tornados and floods. Though the recovery process has been long under way it is far from complete. For a brief period of time following that summer, disaster preparation was a hot topic. I remember a recent fall economic development conference that included a breakout session on disaster preparedness and planning. No one came to the session. It is simply not on the minds of most individuals.

Those of us that provide advice, counsel and capital to business and others including families on a regular basis have the opportunity to ask a simple question. Have you prepared for potential disaster? For

families it may be as simple as having the right kinds and amounts of insurance, copies of important records in a safe place, a "disaster survival kit" and an emergency response plan. For a business it may be larger in scale in the form of a business resumption or continuity of operations plan. A truly sound business plan will have asked and addressed this question.

June is Disaster Preparedness Month and SBA, in partnership with Agility Recovery Solutions, launched a new web site to help small businesses develop an emergency preparedness plan before disaster hits. This website *Prepare My Business* ([www.preparemybusiness.org](http://www.preparemybusiness.org)) provides tips on how small business owners can develop their own disaster preparedness plans and features interactive tools such as monthly webinars on business continuity planning.

The Federal Emergency Management Agency's Ready.gov ([www.ready.gov](http://www.ready.gov)) website and SBA's disaster website, ([www.sba.gov/disasterassistance](http://www.sba.gov/disasterassistance)) also have tips and resources for businesses, homeowners and renters. In Iowa we are fortunate to have a well prepared and capable state Homeland Security and Emergency Management Agency and a strong public private partnership to assist in preparing, responding to and recovering from disaster – the Safeguard Iowa Partnership. To learn more about Safeguard Iowa Partnership visit their website at [www.safeguardiowa.org](http://www.safeguardiowa.org) or call Jami Haberl at (515) 246-1707.

On a different note, SBA Administrator Karen Mills has written an open letter to small business owners explaining immediate benefits available to small businesses as part of the Affordable Care Act. The full letter is available at [www.sba.gov/acaletter](http://www.sba.gov/acaletter). Her letter has several links to valuable information on new health care provisions for small business owners. Please share this important information with businesses in your community.

- Joseph M. Folsom, District Director

## ARRA Funding for 7(a) and 504 Runs Out - Recovery Loan Queue Reactivated

**As of May 25<sup>th</sup>, SBA has reactivated the Recovery Loan Queue.**

A notice regarding activation of the Queue was issued last week. Yesterday, SBA issued a new notice with further information and clarifications.

The most important piece of information within the notice is that any 7(a) Recovery loan application that is submitted to SBA after May 31, 2010, will only be eligible to receive fee relief under section 501 of the Recovery Act. Requests for the higher guaranty will not be considered. (*See attached Notice*)

Funding for both 7(a) and 504 under standard (pre-ARRA) terms is still available. The Administrator is working with Congress to try to secure continued funding for the 7(a) and 504 ARRA provisions.

ARRA Funding for the America's Recovery Capital (ARC) program and microloan programs is unaffected and still available.

Applications submitted as new Recovery Act loans will be processed up to the point of approval and then will be placed into the Recovery Loan Queues awaiting the availability of Recovery Act funds. As Recovery Act funds become available, applications placed into the SBA Recovery Loan Queues will be funded (as evidenced by receipt of an SBA loan number) in the order they were approved by SBA.

Lenders can get a sense of the relative position and funding of a specific 7(a) loan application placed in the queue through a link off of the SBA Home page at [www.sba.gov](http://www.sba.gov) or by going to the recovery queue site at <http://www.sba.gov/recoveryq/index.html>.

The website has additional guidance including a list of frequently asked questions. Please feel free to contact either our Des Moines District office or Cedar Rapids Branch office if you need further assistance.

At any point while waiting in the SBA Recovery Loan Queues, a lender may ask that a request for an increase be withdrawn and re-submitted as a new, non-Recovery Act loan with all applicable fees and lower guaranty levels.

Note: No refund of applicable fees should be expected if additional Recovery Act funding subsequently becomes available. Also, if a loan is approved as a non-Recovery Act loan and additional Recovery Act funding subsequently becomes available, that loan may not be cancelled and re-submitted as a Recovery Act loan.

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## Servicing and Liquidation Actions by Lenders – Newest SBA Matrix Online

The SBA has produced a matrix of sixty-two servicing and liquidation actions for SBA lenders. This matrix follows the sequence in the life of the loan.

The first tier actions are taken after the SBA loan is approved but before the first disbursement. These include a change in the initial disbursement date, in the maturity date, the EIN, the borrower's trade name, or cancelation of the loan.

Second tier actions occur after first disbursement of the loan. SBA requires prior approval to increase the loan, confer a preference on the lender, release the borrower or guarantor, take title to property in the name of the SBA, take title to environmentally contaminated property, reinstate the SBA guaranty, and transfer or sell more than 90% of the loan.

With notification of SBA, lenders can transfer or sell loans, decrease the loan amounts, extend the final disbursement date, cancel the guaranty before purchase, extend the maturity, re-amortize the loan, transfer the loan to liquidation status, assume the loan without release of original borrower or guarantor, and change a revolving loan to non-revolving.

Without approval or notification to the SBA, lenders can change the borrower's legal structure, subordinate or release a lien, defer payments, release or substitute collateral, accept prepayments, make necessary changes to the loan authorization, correct typos, make another loan that does not jeopardize our loan's collateral position, and change insurance requirements.

In the third tier, liquidation, we require that lenders obtain SBA approval for a liquidation plan or amendments for loans approved under the CLP program, sell collateral to lender associates, or make a private sale of collateral to associates of the borrower. All other customary liquidation steps can be taken without notifying SBA.

Fourth tier are litigation actions. Most of these require prior SBA approval.

The servicing and liquidation actions matrix is available online at <http://www.sba.gov/aboutsba/sbaprograms/elending/index.html>.

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## June 15, 2010 Export Readiness Training for Your Customers in Eastern Iowa

In this era of globalization, understanding export regulations is crucial for businesses. The Iowa Small Business Development Center and the Department of Commerce invite your small business customers to attend a Technology Export Training. Allen Patch, U.S. Department of Commerce, will explain the steps to a successful export marketing program.

Discussion will include: Services provided by the Department of Commerce for export shipments; Business development and trade leads from U.S. Embassies abroad; and Topics of concern for technical exports.

**Registration for this training is FREE** and will be held from 10:00 a.m. – Noon at The University of Iowa Research Park, Oakdale Campus BioVentures Center, 2500 Crosspark Road, in Coralville, Iowa

**For more information, contact Paul Heath at 319-335-3740**

**To register, go to <http://www.iowajpec.org/calendar/>**

## SBA Lender Activity Report for APRIL

LENDER NAME	LOCATION	#	AMOUNT	LENDER NAME	LOCATION	#	AMOUNT
U.S. BANK	IOWA	6	\$694,600	PRIMEBANK	LE MARS	1	\$128,000
GREAT WESTERN BANK	IOWA	4	\$332,000	IOWA STATE BANK	CLARKSVILLE	1	\$125,000
FIRST AMERICAN BANK	FORT DODGE	3	\$1,245,000	WEST BANK	WDM	1	\$110,000
IOWA BUSINESS GROWTH CO.	JOHNSTON	3	\$688,000	CITY STATE BANK	NORWALK	1	\$100,000
LIBERTY BANK, FSB	WDM	3	\$538,400	FARMERS STATE BANK	MARION	1	\$100,000
HILLS BANK AND TRUST CO.	HILLS	3	\$257,800	MIDWESTONE BANK	IOWA CITY	1	\$100,000
CLEAR LAKE BK & TR CO	CLEAR LAKE	3	\$119,000	CITIZENS STATE BANK	FORT DODGE	1	\$75,000
SIOUXLAND ECON DEV. CORP	SIOUX CITY	2	\$2,068,000	CITIZENS STATE BANK	SHELDON	1	\$63,000
SECURITY STATE BANK	ALGONA	2	\$1,813,600	MAQUOKETA STATE BANK	MAQUOKETA	1	\$40,000
HERITAGE BANK NATL ASSOC	HOLSTEIN	2	\$1,650,000	AMERICAN TRUST & SVNGS BANK	DUBUQUE	1	\$35,000
VALLEY BANK	MOLINE	2	\$1,235,000	BANK IOWA	WDM	1	\$35,000
CEDAR RAPIDS BK & TR CO	CEDAR RAPIDS	2	\$959,700	COMMUNITY ST. BANK	ANKENY	1	\$35,000
FARMERS STATE BANK	WATERLOO	2	\$600,000	COMMUNITY STATE BANK	SPENCER	1	\$35,000
LIBERTY NATIONAL BANK	SIOUX CITY	2	\$250,000	COMMUNITY STATE BANK	TIPTON	1	\$35,000
WELLS FARGO BANK	IOWA	2	\$90,500	DUBUQUE BANK AND TRUST CO.	DUBUQUE	1	\$35,000
CITIZENS STATE BANK	MONTICELLO	2	\$70,000	FARMERS SAVINGS BANK	COLESBURG	1	\$35,000
PENDER STATE BANK	NEBRASKA	2	\$51,000	FIDELITY BANK & TRUST	DUBUQUE	1	\$35,000
FIRST CITIZENS NATIONAL BANK	MASON CITY	1	\$2,000,000	FIRST NATIONAL BANK AMES	AMES	1	\$35,000
FARMERS & MCHNTS SVGS BNK	MANCHESTER	1	\$1,286,900	KERNDT BROTHERS SVGS BANK	LANSING	1	\$35,000
BANKERS TRUST CO	DES MOINES	1	\$817,000	SAVINGS BANK	PRIMGHAR	1	\$35,000
FREEDOM FINANCIAL BANK	WDM	1	\$800,000	SECURITY STATE BANK	ANAMOSA	1	\$35,000
BANKIOWA	CEDAR RAPIDS	1	\$607,000	STATE BANK & TRUST CO.	NEVADA	1	\$35,000
DAKOTA BUSINESS FINANCE	SOUTH DAKOTA	1	\$589,000	STATE SAVINGS BANK	RAKE	1	\$35,000
BANK OF THE WEST	CALIFORNIA	1	\$541,700	THE FIRST NATIONAL BANK	PRIMGHAR	1	\$35,000
OHNWARD BANK & TRUST	CASCADE	1	\$519,000	UNITED BANK OF IOWA	IDA GROVE	1	\$28,000
COMMUNITY BANK	MUSCATINE	1	\$248,300	GREEN BELT BANK & TRUST	IOWA FALLS	1	\$21,000
CITIZENS FIRST BANK	CLINTON	1	\$211,800	SUPERIOR FINANCIAL GROUP, LLC	CALIFORNIA	1	\$5,000

*The following lenders were participant lenders in the SBA's 504 Loan Program in Iowa during the month of April*

LENDER NAME	LOCATION	#	AMOUNT	LENDER NAME	LOCATION	#	AMOUNT
IOWA STATE BANK	ALGONA	2	\$2,196,500	HOME FEDERAL BANK	SOUTH DAKOTA	1	\$727,695
ACCESS BANK	NEBRASKA	1	\$2,217,139	FARMERS STATE BANK	MARION	1	\$500,000
PEOPLES BANK	HAWARDEN	1	\$901,000				



# SBA Procedural Notice

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<b>TO:</b>	All Employees	<b>CONTROL NO.:</b>	5000-1154
<b>SUBJECT:</b>	Administration of Recovery Loan Queues for 7(a) and 504 Recovery Loans	<b>EFFECTIVE:</b>	6/2/2010

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This is a follow-up to SBA Information Notice 5000-1153 (effective date 5-25-2010).

SBA's authority to provide a higher guaranty under section 502 of the Recovery Act for eligible 7(a) loans expired May 31, 2010. Therefore, after midnight on May 31, 2010, SBA cannot accept, process or put into the Recovery Loan Queue any 7(a) loan application that requests the higher guaranty percentage. Any 7(a) Recovery loan application that is submitted to SBA after May 31, 2010, will only be eligible to receive fee relief under section 501 of the Recovery Act.

All 7(a) and 504 loan applications as well as requests for increases that were in the Recovery Loan Queues awaiting funding were funded by midnight on May 31, 2010. Beginning June 1, 2010, new 7(a) loan applications requesting fee relief only, as well as new 504 loan applications, will be processed up to the point of approval and then will be placed into the Recovery Loan Queues and will be funded as funds become available. SBA's E-tran system has been modified to block the submission of 7(a) loan applications requesting the higher guaranty.

Requests for increases to previously approved 7(a) loans that have the higher guaranty also cannot be accepted by SBA after May 31, 2010. Such requests will need to be submitted as new Recovery Act loan requests eligible only for fee relief and placed in the Recovery Loan Queues for new loans. Requests for increases to 7(a) loans that previously only received fee relief as well as increases to 504 Recovery loans will continue to be placed in the Recovery Loan Queues and will be approved as funds become available through the cancellation of loans that were funded from the same appropriations that originally funded the loan.

As a reminder, for 7(a) and 504 Recovery loans that were funded from the appropriations provided by the Temporary Extension Act of 2010 (i.e., loans approved between March 2 and March 28, 2010), no requests for increases may be considered. If the borrower needs additional funds, a new loan application will be required. (If approved, this new loan will require a separate authorization and closing documents.)

At any point while an application for a new loan or a request for an increase is in a SBA Recovery Loan Queue, the lender may ask that the application or request be withdrawn and re-submitted as a new, non-Recovery Act loan with all applicable fees and lower guaranty levels. Note: No refund of applicable fees is to be expected if additional Recovery loan funding subsequently becomes available. Also, if a loan is approved as a non-Recovery Act loan and additional Recovery loan funding subsequently becomes available, that loan may not be cancelled and re-submitted as a Recovery Act loan.

Applicants will be able to determine where they are in the SBA Recovery Loan Queue by accessing SBA's website. The website address is [www.sba.gov/recoveryq](http://www.sba.gov/recoveryq).

Further information will be provided as SBA learns whether new legislation is approved providing

***For questions regarding the transition of the Recovery Act Initiatives, contact the SBA in Des Moines at (515) 284-4422 or in Cedar Rapids at (319) 362-6405.***